

307 KAR 5:010. Linked Deposit Investment Program.

RELATES TO: KRS 41.600-41.620

STATUTORY AUTHORITY: KRS Chapter 13A, 41.606

NECESSITY, FUNCTION, AND CONFORMITY: This administrative regulation establishes the conditions for which small businesses are eligible for loans made available through the Linked Deposit Investment Program and provides for agency review of the information provided by the lending institution as part of the loan package. The Linked Deposit Investment Program, as it pertains to small businesses, will be monitored by the Cabinet for Economic Development. This administrative regulation also incorporates the form that must be completed and submitted to the cabinet for a small business to apply for a Linked Deposit Investment Program loan. The cabinet has consulted with the State Investment Commission in preparing this administrative regulation as required by KRS 41.606 and this administrative regulation is in conformity with KRS 41.600 to 41.620 and Chapter 13A.

Section 1. Definitions. (1) "Applicant" means a small business which has completed a loan package in conjunction with an eligible lending institution for a linked deposit investment program loan.

(2) "Cabinet" means the Cabinet for Economic Development.

(3) "Eligible lending institution" is defined by KRS 41.600.

(4) "Eligible small business" is defined by KRS 41.600.

(5) "Linked deposit investment" is defined by KRS 41.600.

(6) "Linked Deposit Investment Program loan" means a loan approved by the Cabinet for Economic Development, which is eligible for funding out of the unclaimed and abandoned property program administered by the Department of Treasury, and for which the State Investment Commission has accepted a linked deposit investment with an eligible lending institution.

(7) "Loan package" means the "Small Business Linked Deposit Loan Application (7/96)" and the "Cabinet for Economic Development Economic Incentive Disclosure Statement (9/96)" and the lending institution's application for the loans.

Section 2. Loan Package Approval Standards. (1) The eligible lending institution shall submit the original and two (2) copies of the loan package to the cabinet's Small and Minority Business Division at 67 Wilkinson Boulevard, Frankfort, Kentucky 40601.

(2) The cabinet shall review the information provided by the applicant in the Small Business Linked Deposit Loan Application to determine whether the requirements of KRS 41.606 have been met to qualify the applicant as an eligible small business for a linked deposit investment program loan submitted through an eligible lending institution.

(3) The cabinet shall return an incomplete loan package to the eligible lending institution which submitted the application on behalf of the applicant. The completed loan package may be resubmitted to the cabinet for approval.

Section 3. Loan and Investment Approval Process. (1) Funds available for Linked Deposit Onvestment Program loans shall:

(a) Be based on the recommendation contained in the Department of Treasury annual report submitted pursuant to subsection (2) of this section; and

(b) Not exceed the limits established by the State Investment Commission.

(2) The Department of Treasury shall submit its annual report to the State Investment Commission and the cabinet no later than March 31 of each year, detailing the amount of money in the unclaimed and abandoned property fund.

(3) Approval for a new application for a linked deposit investment shall be denied or an existing

investment revoked by the State Investment Commission for failure of the financial institution to meet and maintain the eligibility requirements prescribed in KRS 42.500 and 200 KAR Chapter 14 for each investment type.

Section 4. Repayments. The eligible lending institution shall remit to the State Investment Commission by June 30 of each year all loan principal repayments for the preceding year beginning June 1 and ending May 31.

Section 5. Reporting Requirements. (1) Within thirty (30) days from the date a linked deposit investment has been funded by the State Investment Commission, the eligible lending institution shall submit written documentation to the cabinet describing with particularity the actual terms of the loan agreement between the applicant and the eligible lending institution, including the loan amount, the interest rate charged to the applicant, the length of time permitted for repayment of the loan and any other terms or documents required by the eligible lending institution to execute the loan.

(2) The State Investment Commission shall submit to the cabinet's Small and Minority Business Division a copy of the letter confirming each approved linked deposit investment with the eligible lending institution no later than thirty (30) days after the date the Linked Deposit Investment Program loan has been funded.

(3) The eligible lending institution shall submit to the cabinet's Small and Minority Business Division on or before August 1 of each year a report summarizing the status and total of each Linked Deposit Investment Program loan outstanding with the lender, including, but not limited to the beginning balance, ending balance and principal repayments received during the year.

Section 6. Incorporation by Reference. (1) The following documents are incorporated by reference:

(a) "Small Business Linked Deposit Loan Application (7/96)"; and

(b) "Cabinet for Economic Development Economic Incentive Disclosure Statement (9/96)".

(2) These documents may be inspected, copied, or obtained from the Cabinet for Economic Development Small and Minority Business Division, 67 Wilkinson Boulevard, Frankfort, Kentucky 40601, 8 a.m. to 4:30 p.m., Monday through Friday. (23 Ky.R. 2900; Am. 3368; 3562; eff. 3-20-97.)